

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **June 25, 2002 Work Session**

AGENDA ITEM NO.: 6

CONSENT:

REGULAR: **X**

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Solid Waste Management Issues**

### RECOMMENDATION:

Provide direction to City staff regarding Solid Waste management issues; approve timeline for planning and possible implementation of changes to Solid Waste services and fees.

### SUMMARY:

On April 9, 2002, representatives from Reed, Stowe and Yanke presented the Solid Waste Rate Analysis to City Council. The Solid Waste Management Fund is currently in a declining financial position; the debt coverage and fund balance ratios continue to drop and are projected to fall below key financial targets during the next few years without rate adjustments. The rate study suggested establishing a monthly residential rate that would fully recover revenues necessary to cover all residential costs.

A number of policy issues need to be considered by City Council. These issues include:

- What Solid Waste Management services and service levels are desirable?
- Should City staff proceed to design and implement semi-automated refuse collection?
- Should the Solid Waste Management Fund be self-sufficient? Should the rates charged fully recover costs?
- What is the preferred revenue collection method for these services?
- Should the rates be any different for low income, disadvantaged, elderly on tax relief and residents of the Tyreeanna/ Pleasant Valley neighborhood?
- What is the desired timeline / schedule for planning and implementation?

### PRIOR ACTION(S):

April 9, 2002 - City Council directed staff to develop a timeline for possible implementation of the consultants' recommendations.

May 28, 2002 – City Council approved user rates for tires, commercial, industrial and sludge and landfill tipping fee rates. City Council directed staff to bring back additional information regarding funding and payment options.

FISCAL IMPACT: Undetermined at this time.

### CONTACT(S):

Dave Owen (847-1806 ext. 22)

Bruce McNabb (847-1362 ext. 268)

### ATTACHMENT(S):

Solid Waste Issues Presentation

### REVIEWED BY:



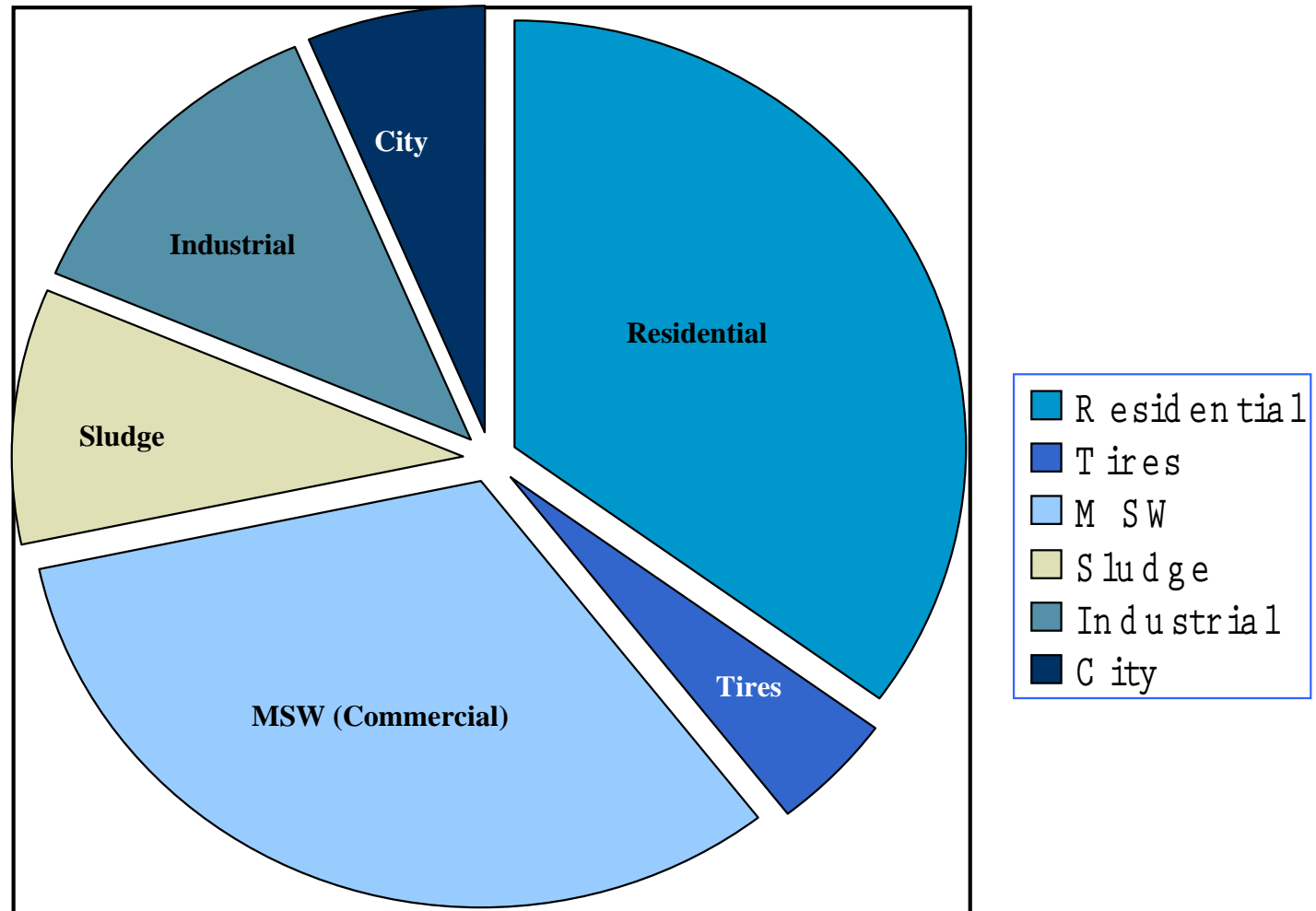
# Solid Waste Management Report June 25, 2002



# Presentation Overview

- Current and Future Solid Waste Management Fund Financial Condition
- Key Issues
- Planning Timeline

# Lynchburg's Waste Stream





# Background

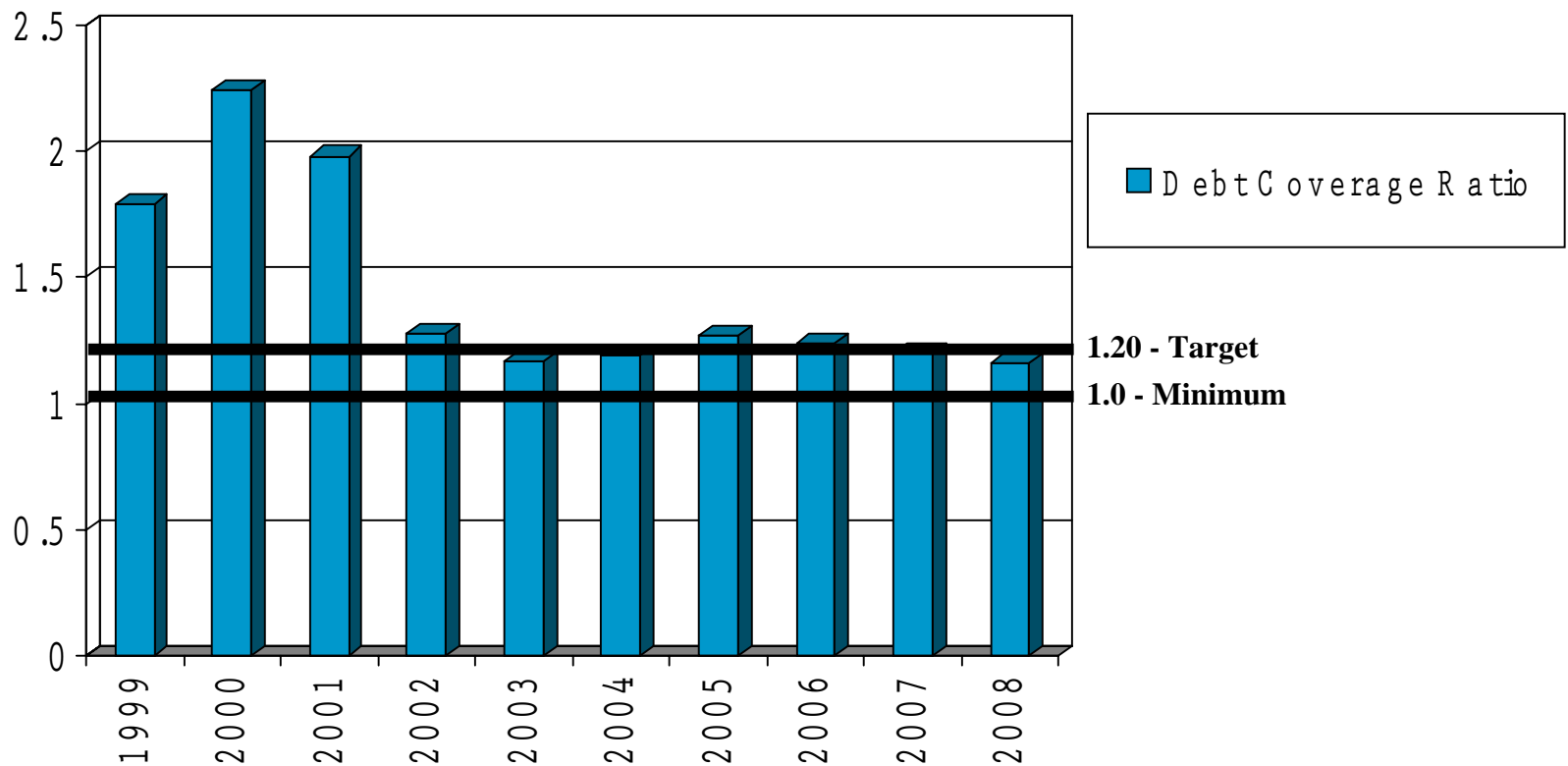
- Solid Waste Fund Budgetary Position
  - Revenues realized do not cover total residential collection and disposal services
    - Tag/Decal revenue covers only residential disposal and recycling cost
    - Annual Transfer from General Fund is to cover refuse collection cost only
      - Credit rating concerns
      - Viewed as a subsidy
    - Debt is currently viewed as self-supporting
      - Decreases in fund balance may result in not meeting key financial targets and place debt at risk



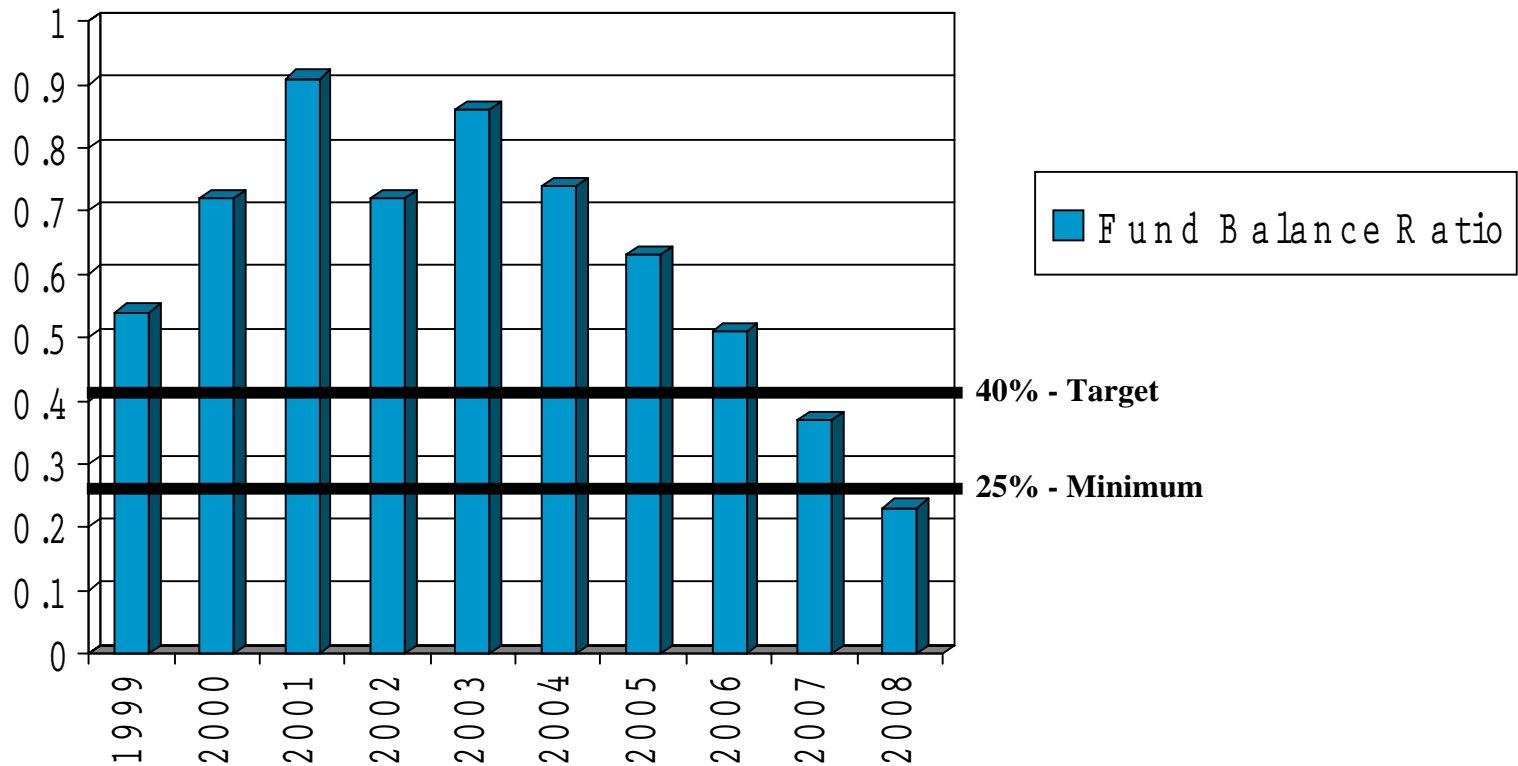
# Financial Condition

- Declining financial position
- Debt coverage & fund balance ratios are currently above targets
- Increased revenue will be needed to meet financial targets for future years

# Debt Coverage Financial Measure



# Fund Balance Financial Measure







# Key Issues

## ■ Question:

- What Solid Waste Services and Service Levels are desirable?
  - Residential Collection
    - Manual
    - Semi-automated



# Manual Refuse Collection

## Description

- *Trash collected in bags or cans by hand.*

### ADVANTAGES:

- No change in current system; least costly

### DISADVANTAGES:

- Increased accidents; high employee turnover and liability; undesirable working conditions



# Semi-Automated Refuse Collection

## ■ Description

- Trash collected w/mechanical arms, assisted by manual placement of trash cans.

## ■ **ADVANTAGES:**

- Heavy lifting eliminated; uniform trash cans; injury reduction; stable workforce; modern technology; citizens can have options (variable sized containers)

## ■ **DISADVANTAGES:**

- Change in disposal method; more costly than manual (\$35,000 per year or 3%)



# Key Issues

## ■ Questions:

- Should the Solid Waste Management Fund be financially self-sufficient?
- Should the rate charged fully recover cost or should the General Fund tax dollars be used to support the fund?
- How do we move from using the Solid Waste Fund balance to support ongoing operational expenses?
- *Consultant recommends setting fees to fully recover the cost of all services.*

# Residential Cost Analysis: (FY03)

Service Categories	Cost of Service	Revenue Realized	Revenue Source
Refuse Collection	\$1,047,441	\$732,529	General Fund Transfer
Litter & Debris	\$174,547		
Recycling	\$327,285	\$327,285	Tag/Decal sales
Brush	\$83,252		
Bulk/White Goods	\$157,332		
Household Hazardous Waste	\$33,326		
Disposal of Residential Waste	\$596,187	\$596,187	Tag/Decal sales
<b>Total</b>	<b>\$2,419,370</b>	<b>\$1,656,001</b>	
<b>Difference</b>		<b>-\$763,369</b>	



# BENCHMARK COMPARISON

- Comparison of residential solid waste services and fees
  - Charlottesville, Danville, Richmond & Hampton charge some type of user fee
  - Recommended residential rate for Lynchburg is reasonable and in line with other cities in the State
  - Trend in Virginia is for residential collection to be provided through semi- or fully-automated collection



# BENCHMARK COMPARISON

## ■ Comparison of residential solid waste user fees

Charlottesville	\$32 per year for annual decal or individual tags: 13 gal - \$0.40 or 30 gal -\$0.80 + General Fund Transfer
Danville	\$13.80 per month
Hampton	\$10.83 per month + \$2 million from General Fund
Richmond	\$10.00 per month
Roanoke	None, Paid by General Fund
Salem	None, Paid by General Fund



# BENCHMARK COMPARISON

## ■ Comparison of residential solid waste user fees by surrounding localities

Campbell County	\$16 per month (BFI) \$12 per month (BSW)
Bedford County	\$16 per month (BFI)
Amherst County	\$6.37 per month (BSW) (Only covers collection costs – disposal paid by General Fund)
Town of Amherst	\$5.50 per month (BFI) (Only covers collection costs – disposal paid by General Fund)
Appomattox County	None, Paid by General Fund





# Key Issues

- Question: What is the preferred revenue collection method?
  - Flat monthly fee included in water/sewer bill
  - Weekly tags and annual decal
  - Property tax increase
  - Combination of above

*Consultant recommends adding the solid waste charge to the current water / sewer bill*

# Residential Funding Options

Options	Description	Cost
Monthly User Fee #1	Covering residential collection and disposal, recycling, bulk collection, litter and debris collection and household hazardous waste collection and disposal	\$11.07 / month
Monthly User Fee #2	Covering all of services listed above except collection expenses (assumes annual transfer of \$732,529 from General Fund)	\$7.77 / month
Tag/Decal	Annual purchase of decal @ \$132.84 or individual tags: \$1.30 for each 32 gallon tag or \$0.65 for each 13 gallon tag	\$132.84 / year
General Fund (pays for all residential collection and disposal service)	-Requires increase of approximately \$1,686,841	Increase property tax rate by .07 cents

\* These options assume a continuation of manual collection and are designed to fully recover costs.



# RESIDENTIAL RATE COMPONENTS

## Monthly Residential Cost per Service Category

Residential Refuse Collection	\$ 4.87
Litter & Debris	\$ 0.78
Brush	\$ 0.45
Bulk/White Goods	\$ 0.74
Household Hazardous Waste	\$ 0.16
Recycling	\$ 1.37
Residential Refuse Disposal	\$ <u>2.71</u>
	\$ 11.07

TOTAL

# Key Issues

- Question: Should the rates be any different for low income/disadvantaged, elderly on tax relief and residents of Tyreeanna/Pleasant Valley Neighborhood?
  - Base fee with no discount: \$11.07 per month per household

<b>Discount Percentage</b>	<b>Full Fee (16,000 households)</b>	<b>Discounted Fee (2,500 households)</b>
<b>25 percent</b>	<b>\$11.50</b>	<b>\$8.30</b>
<b>50 percent</b>	<b>\$11.93</b>	<b>\$5.54</b>
<b>75 percent</b>	<b>\$12.37</b>	<b>\$2.77</b>
<b>100 percent</b>	<b>\$12.80</b>	<b>\$ 0.00</b>



# Key Issues

- Question: What items should we seek citizen input on?
  - Funding Method?
  - Payment Method?
  - Reduced Fees for Some Customers?
  - Semi-Automated Service: Container Size(s), Color and Decal(s)?



# Key Issues

- Question: How should we seek citizen input?
  - Neighborhood Meetings\*?
  - Community Task Force?
  - Citizen Survey?
  - Public Hearings\*?

\*Recommended by Staff



# Key Issues

- Question: When to implement new service?
  - Options
    - July 1, 2003
    - October 1, 2003

REVISÉD 06/14/02